

Nottingham City Council

Housing and City Development Scrutiny Committee

Minutes of the meeting held in the Ground Floor Committee Room - Loxley House, Station Street, Nottingham, NG2 3NG on 18 December 2023 from 10:00am to 12:10pm

Membership

Present

Councillor Sam Harris (Chair)
Councillor Neghat Khan
Councillor AJ Matsiko
Councillor Michael Savage
Councillor Adele Williams

Absent

Councillor Kevin Clarke
Councillor Sarita-Marie Rehman-Wall

Colleagues, partners and others in attendance:

Councillor Steve Battlemuch	- Portfolio Holder for Skills, Growth, Economic Development and Property
Beverley Gouveia	- Head of Property
Councillor Jay Hayes	- Portfolio Holder for Housing
Nicki Jenkins	- Director of Economic Development and Property
Mark Lowe	- Head of Housing and Regeneration
Kevin Lowry	- Director of Housing
Adrian Mann	- Scrutiny and Audit Support Officer
Sajeeda Rose	- Corporate Director for Growth and City Development
Damon Stanton	- Scrutiny and Audit Support Officer

15 Changes to Membership

The Committee noted that Councillor Nadia Farhat had stood down from the Committee.

16 Apologies for Absence

Councillor Kevin Clarke – work commitments
Councillor Sarita-Marie Rehman-Wall – caring responsibilities

17 Declarations of Interests

In the interests of transparency in relation to item 6 (Asset Rationalisation – Policy and Process), Councillor AJ Matsiko declared that he is a member of the Council's Trusts and Charities Committee.

In the interests of transparency in relation to item 7 (Housing Strategy Development), Councillor Michael Savage declared that he is a Council tenant and a trustee of the One Vision Partnership.

In the interests of transparency in relation to item 7 (Housing Strategy Development), Councillor Adele Williams declared that she works for the charity Hope for the Future.

18 Minutes

The Committee confirmed the Minutes of the meeting held on 16 October 2023 as a correct record and they were signed by the Chair.

19 Committee Terms of Reference

The Committee noted the change to its Terms of Reference to help support the Council's delivery of the new requirements of the Social Housing Regulation Act 2023.

20 Asset Rationalisation - Policy and Process

Councillor Steve Battlemuch, Portfolio Holder for Skills, Growth, Economic Development and Property; Sajeeda Rose, Corporate Director for Growth and City Development; Nicki Jenkins, Director of Economic Growth and Property; and Beverley Gouveia, Head of Property, presented a report on the policy and processes behind the Council's asset rationalisation programme. The following points were raised:

- a) Asset rationalisation is a process of reorganising an organisation's assets to achieve operating efficiencies and improve the bottom line. It is about determining why the Council holds certain assets and using strategic planning and analysis to determine the best use of property, including identifying assets potentially surplus to requirements.
- b) The Council owns over 3,600 property assets (with an asset value of over £1 billion), which are split between the General Fund, the Housing Revenue Account and the Bridge Estate. The Asset Management Programme aims to generate sufficient capital receipts by selling property assets to meet the current commitments within the capital programme and reduce levels of borrowing. The ability to deliver capital receipts has a direct impact on the Council's cash flow and asset rationalisation supports the delivery of the Council's major capital projects where external grant funding is not in place. There is a target for the programme to secure £13.6 million in 2023/24, and £8.40 million has been achieved so far. The forecasts produced include an overall pipeline value and a risk-adjusted figure, which is used as the expected figure to ensure prudent budgeting.
- c) Work is underway to ensure an effective disposals policy and maximise capital receipts. The identification and disposal of surplus land and property is a central part of the Council's capital strategy and Asset Management process. The disposal of assets is partly about achieving capital receipts, but is also used to ensure best value through the use of Council assets and create efficiencies.
- d) When a property becomes surplus, the default position is for disposal unless there is a good business case for alternative use. Assets owned by the Council are public resources and, therefore, the Council must be able to demonstrate clear reasoning for holding onto that asset. Properties are identified as surplus through

ongoing performance and condition reviews, service plans and reviews, regeneration schemes, and site-by-site asset rationalisation reviews.

- e) All disposals must deliver 'best consideration' when disposed of, which is governed by legislation. A strong business case is needed to sell at less than market value. A robust disposals process is in place and actions are taken to accelerate the process where appropriate.
- f) An internal audit review was carried out in relation to the disposals policy to ensure that it is fit for purpose. There are still some challenges for the Service to overcome, including managing resource and capacity constraints, unexpected issues arising from the legal due diligence process, and balancing capital receipts against potential revenue loss.

The Committee raised the following points in discussion:

- g) The Committee asked how wider community benefits are balanced against 'best value' considerations when a property is considered for disposal. It was explained that work is underway to devise a formula that can ascertain social and financial value over time. It is important that a framework is put in place so that there is a consistent approach as some buildings have strong community value and are important to social cohesion.
- h) The Council considers the potential impacts on the wider public purse when making decisions on surplus properties, but it is important that properties within the Council's portfolio are there to deliver Council priorities. As part of the asset management process, the Council looks at how it can increase the value of the property (such as through repairs), as well as investigate joining services together to make better use of the property. However, the Service does not have a large capital budget available for repair work.
- i) The Committee queried what processes are in place to ensure that surplus properties are disposed of in a timely way. It was reported that there have been issues involving anti-social behaviour once a property is void and declared surplus to requirements due to the length of time it takes for disposal. As a result, the Council can incur high costs associated with securing the property, so it is important for there to be a plan for a property once it is void and surplus to requirements. Building risk assessments are completed by a Building Management team within the Service, however, it is currently experiencing staffing issues.
- j) There are, however, some issues outside of the Council's control, such as buyers pulling out of a purchase, which results in delays. Responding to organisations looking to buy a property or extend its lease can be a lengthy process. Some delays can be caused by the availability of staffing resources, so there is a prioritisation process in place to ensure that properties that provide the most income to the Council are dealt with first. Financial analysis and legal due diligence tend to be the most time-consuming aspect of the disposals policy.
- k) The recently-issued Section 114 Notice in relation to the Council's finances has not had a major impact on disposal timetables, with the exception of additional

approval now being needed for the required expenditure to achieve a disposal, such as specialist advice. However, the decision-making processes remain the same. The Service is working to establish the impacts on service provision arising from the proposed 2024/25 Council Budget.

- l) The Committee asked how developers and partners are engaged with effectively in the achievement of large commercial sales. It was set out that partnership working and networking with businesses to outline a vision for Nottingham for large scale sites takes place to attract larger investors. Generally, the Council does not struggle to attract interest in its available properties. Deciding what is the most appropriate use for certain buildings is ultimately both a Planning and a market demand issue. Property brochures, when advertised, contain Planning information that helps give investors certainty on what they are able to do with the property. The Council regularly engages with national housebuilders and local developers who are interested in investing in Nottingham to discuss properties and land on the market.

- m) The Committee asked what work is being carried out to mitigate against communities losing important local property assets when the Council was no longer able to operate the service. It was explained that the Council aims to support community organisations to take on the running of community buildings (either through leasing or buying), however, it remains bound by best value requirements. The Council calculates the community asset value of communities running their own buildings and providing particular services to residents. The Council is bound by the requirements of best value and, therefore, must prioritise the best bids for Nottingham as a whole, regardless of where the investors are based. However, a new Economic Strategy is being launched in 2024 and part of this will address supporting local investment in Nottingham.

The Chair thanked the Portfolio Holder and officers for attending the meeting to present the report and answer the Committee's questions.

Resolved:

- 1) To request that further information is provided on the recruitment required to ensure that the Asset Rationalisation programme as planned is sufficiently resourced to be deliverable.**

- 2) To request that all City Councillors are added to the distribution list of alerts for property assets being advertised for disposal.**

- 3) To recommend that the formal framework for considering the balance of community benefit, wider service impact and best value when assessing the potential disposal of a property asset is completed as soon as possible, to inform and support effective decision-making.**

- 4) To recommend that clear management plans and effective risk assessments are in place for all void property assets, to reduce the costs incurred during the disposal process as much as possible.**

- 5) To recommend that a clear, strategic vision for the development opportunities of surplus property assets is set out so that developers can be engaged with proactively to achieve the best possible returns, taking advantage of support from the Council's Regeneration team where appropriate.**

21 Housing Strategy Development

Councillor Jay Hayes, Portfolio Holder for Housing; Sajeeda Rose, Corporate Director for Growth and City Development; Kevin Lowry, Director of Housing; and Mark Lowe, Head of Housing and Regeneration, presented a report on the development of the Council's new Housing Strategy. The following points were raised:

- a) The Housing Strategy is intended to outline how the Council will work with partners to tackle the current housing situation in Nottingham, which is placing a high pressure on Council services. It is not a statutory requirement for local authorities, however, it does address a number of statutory responsibilities that are placed upon the Council. The Council is working to ensure that all of its social housing is of good quality and standard, while trying to maintain its stock in the context of the 'Right to Buy' scheme. The Strategy seeks to be ambitious whilst operating in the context of the current financial constraints.
- b) The Strategy will set out a citywide vision for the housing offer available to residents across all tenures, and has a direct relationship to economic growth, health and wellbeing, and the Council's green agenda. The Strategy looks to address the city's main housing issues, which include a lack of affordable housing to rent, relatively high numbers of people who are homeless or rough sleeping, poor rented accommodation, the quality and choice of housing (including aspirational homes to attract Nottingham's future workforce), and the energy efficiency of the city's homes and the impact on the environment from their carbon emissions.
- c) The Strategy projects future population and housing market profiles, and examines the national and local policy context to addressing three key aims:
 - meeting Nottingham's diverse housing needs and aspirations, which will include increasing the supply of affordable homes, preventing homelessness and rough sleeping, and meeting the needs and aspirations of minority ethnic communities and other minority groups,
 - driving excellence in housing standards and services across all tenures, which will include improving neighbourhoods, homes and services for Council tenants, and
 - enabling housing growth and regeneration for a green and prosperous Nottingham, which will include supporting economic growth and building homes for a greener Nottingham.
- d) The Strategy will address the resources needed to deliver its key aims and in the context of the current financial position, as well as outline implementation plans. People and organisations who have an interest and will be impacted by the commitments made in the Strategy will have an opportunity to provide their views and feedback. There are a range of consultation tools including an online survey

and a toolkit to support third party promotion of the consultation, and the Council will seek any potential sponsorship opportunities to help finance consultation.

The Committee raised the following points in discussion:

- e) The Committee asked whether the current housing targets are achievable, and how new housing would be delivered in the context of the upcoming East Midlands Combined County Authority. It was explained that the Government's housing targets for Nottingham will be challenging in the long term. Future Government investment in housing may come exclusively through the new East Midlands Combined County Authority, so the Council is ready to take advantage of this with clear plans already in place for when funding is made available. There are often short timeframes to apply for grants, so it is critical that the Council has a sound implementation plan and is able to convert the Strategy into delivery.
- f) There need to be different housing solutions of different affordability for different people at different times in the city, where there is significant demand for social and affordable housing. There is a pipeline of sites in place across the D2N2 region so that the Council and its partners are ready to mobilise should funding be available, with funding often coming through a number of different partners. The NHS is a key partner due to the wider health and wellbeing impacts arising from housing, and the Council regularly engages with it – the views of the Nottingham City Health and Wellbeing Board have also been sought on the draft Strategy.
- g) The Committee queried how the ongoing green retrofit of housing will be addressed in the Strategy. It was reported that the Council has carried out retrofitting works both internally and also through partners so that over 2000 households in Nottingham received improvement grants last year. Funding has been made available and the Council also facilitates grant schemes provided by energy companies to support the retrofitting of homes, which households can apply for. Funding for retrofitting has been provided to the Council in the past and this has been spent as part of regeneration works in the city and across the D2N2 area. This represents a rolling programme and there is a pipeline of properties that could benefit from further funding in future. There is, however, limited market capacity in the city to deliver retrofit and the Housing Strategy looks to build on this further.
- h) The Committee asked how low-income residents are being supported, and how private rented accommodation is being regulated. It was set out that the Government considers housing as affordable if it costs no more than 80% of the local market rent. However, the Council does not consider this general level as being affordable for many people Nottingham. Shared ownership has been explored and is mainly delivered by partners such as Homes England. However, there is a much higher demand for affordable rents rather than home ownership in Nottingham, so this is current priority focus.
- i) The Council operates a Selective Licensing Scheme to seek to raise standards in private rented accommodation. The Council is unable to control private market rents, but is looking to invest more and work with partners to build more social housing. The Council is also looking at how it can encourage people to downsize,

if appropriate. Work is underway in seeking to address empty homes in the city, but this can be challenging in the current financial context.

- j) The Committee was pleased to note that the development of the Strategy showed a clear commitment to ensuring that Nottingham is a child-friendly city.

The Chair thanked the Portfolio Holder and officers for attending the meeting to present the report and answer the Committee's questions.

Resolved:

- 1) To request that an overview is provided on the progress and outcomes of the housing retrofit activity carried out in Nottingham to date.**
- 2) To recommend that the Housing Strategy sets out a clear definition of what represents affordable housing for Nottingham communities, and that this is embedded within the wider strategic planning for the delivery of genuinely affordable homes.**
- 3) To recommend that a clear strategic plan is established for the delivery of Nottingham's future new housing and housing retrofit needs, to ensure that the Council is in a strong position to take advantage of funding made available through the East Midlands Combined County Authority as the opportunity arises.**
- 4) To recommend that the Selective Licensing Scheme is sustained and developed as part of ensuring a good standard of housing within in the private rented sector.**
- 5) To recommend that further consideration is given to how the Council can work as effectively as possible with partners across the wider region to ensure the delivery of Nottingham's challenging long-term housing targets.**

22 Work Programme

The Chair presented the Committee's current Work Programme. The following points were discussed:

- a) It is intended that the Committee's next meeting on 22 January 2024 will review the potential impacts of the upcoming 2024/25 Council Budget on future service delivery within the Growth and City Development department. Wider discussions are underway regarding the processes and timetable for the effective scrutiny of the service impacts of the 2024/25 Budget, and to ensure that this is managed in a clear and consistent way across all Scrutiny committees and Council departments.

The Committee noted the Work Programme.